



Buying Stocks

Vocab:

Stocks- a way to buy part of a company

* High Risk *

Stock Certificate - proof of purchase that you own a stock

**LESSON
12.3**

Buying Stocks

52 Weeks		Stock	Sym	Div	Yld. %	PE	Vol. 100s	Hi	Lo	Close	Net Chg.
Hi	Lo										
30.20	21.06	VXIndustry	VX	0.50	1.8	19	160718	27.87	26.25	27.87	+0.50
104.12	66.56	BNovak	BN	1.72	1.9	14	57324	92.53	89.95	92.53	+1.15
47.69	27.46	KenanMills	KMI	0.49	1.3	42	45526	37.64	37.05	37.64	+0.46
46.40	40.70	WestSloan	WS	0.46	1.1	27	47661	42.74	39.90	42.74	+2.02

Highest price paid for one share of the stock in the past 52 weeks: \$30.20.

Name of the company.

Projected annual dividend for next year based on the amount of the firm's last dividend.

Price-earnings ratio.

Highest price paid for one share of the stock during the day.

Price paid in the last transaction of the day.

Lowest price paid for one share of stock in the past 52 week.

Ticker symbol or letters that identify a stock for trading.

Yield percent, or the percent of return based on the dividend and current price of the stock (for VXIndustry $\$0.50 \div \$27.87 = 0.0179 = 1.8\%$).

Number of shares traded during the day, expressed in hundreds of shares.

Lowest price paid for one share of stock during the day.

Difference between the price paid for the last share traded today and the price paid for the last share traded on the previous day: for VXIndustry \$0.50 (in Wall Street terms, VXIndustry "closed up" \$0.50 on this day).

**LESSON
12.3****EXAMPLE**

Melanie Lambert purchased 100 shares of VXO stock at \$106.30 per share. Her online stockbroker charged her a \$15.95 commission. What is the total amount that she paid for the stock?

$$\begin{array}{r} 100(106.30) = \$10,630 \\ + \quad 15.95 \\ \hline \$10,645.95 \end{array}$$

LESSON
12.3

Complete the problems. Check your answers in the back of the book. Find the total paid.

1. You own 150 shares of TimCo stock, which you purchased at \$36.21 per share. You paid a commission of \$29.95.

$$\begin{array}{r} 150(36.21) = \$5431.50 \\ + 29.95 \\ \hline \$5461.45 \end{array}$$

**LESSON
12.3**

Complete the problems. Check your answers in the back of the book. Find the total paid.

2. You own 400 shares of UnVar stock, which you purchased at \$58.80 per share. You paid a commission of \$19.95.

$$\begin{array}{r} 400(58.80) = \$23520 \\ + 19.95 \\ \hline \$23539.95 \end{array}$$

**LESSON
12.3**

12. After consulting with his broker, Dan Hostetler purchased 2,000 shares of Ballon Synergy stock at \$4.10 per share. He also purchased 500 shares of Matell Scientific at \$26.76 per share. What is the total cost of the stocks, including the commission?

$2000(4.10) = \$8200$
 $76 + 0.0034(8200) = 103.88$
 $500(26.76) = 13,380$
 $76 + 0.0034(13380) = 121.49$
\$21,805.37

Broker-Assisted Commissions					
Minimum Charge \$39 per Trade					
Transaction Size			Commission		
\$ 0	–	\$ 2,999	\$ 30	+	1.70%
3,000	–	6,999	56	+	0.66%
7,000	–	19,999	76	+	0.34%
20,000	–	49,999	100	+	0.22%
50,000	–		155	+	0.11%

A graphic with a blue and red gradient background. The word "LESSON" is written in white capital letters at the top. Below it, the number "12.4" is written in a large, bold, white font.

Selling Stocks

Vocab:

Profit- when you make more money when you sell than the cost to buy.

Loss- when you do not make more money when you sell than the cost to buy.

**LESSON
12.4****EXAMPLE**

Bill Tennyson paid a total of \$3,738.43 for 75 shares of Watson Parcel Service. He sold the stock for \$51.50 a share and paid a sales commission of \$39.45. What is the profit or loss from the sale?

$$\begin{aligned} 75(51.50) &= \$3862.50 \\ &\quad - 39.45 \\ \hline &= \$3823.05 \\ &\quad - 3738.43 \\ \hline &= \$84.62 \text{ profit} \end{aligned}$$

**LESSON
12.4**

Complete the problems to find the profit or loss. Check your answers in the back of the book.

1. You paid \$1,829 for 40 shares of JTT stock.
You sold the stock for \$61.50 per share.
The commission you paid was \$35.50.

$$40(61.50) = \$2460$$

$$\begin{array}{r} -35.50 \\ \hline \$2424.50 - 1829 \end{array}$$

$$\boxed{\$595.50 \text{ profit}}$$

**LESSON
12.4**

Complete the problems to find the profit or loss. Check your answers in the back of the book.

2. You paid \$24,000 for 1,000 shares of EXO stock.
You sold the stock for \$22.50 per share.
The commission you paid was \$49.95.

$$1000(22.50) = \$22,500$$

$$-49.95$$

$$\hline \$22,450.05 - 24000$$

$$\boxed{\$1549.95 \text{ loss}}$$

**LESSON
12.4**

For Problems 3–8, compute (a) the net sale and (b) the profit or loss.

Stock	Total Paid	Selling Price per Share	×	Number of Shares	–	Commission	=	Net Sale	Profit or Loss
3. Sargent Inc.	\$ 5,200	\$72.00	×	100	–	\$30.00	=	a.	b.

$\$7200 - 3000$
 $\$7170$
 $7170 - 5200$
 $\$1,970 \text{ profit}$